Mindax Limited

ABN 28 106 866 442

Annual Report

for the year ended 30 June 2017

Corporate Information

ABN 28 106 866 442

Directors
Benjamin Chow (Executive Chairman)
Andrew Tsang (Non-Executive Director)
Kgai Mun Loh (Non-Executive Director)
Yonggang Li (Non-Executive Director)

Company Secretary
Dennis Wilkins

Registered Office and Principal Place of Business
Suite 2, 11 Ventnor Avenue
WEST PERTH WA 6005
Telephone: (08) 9389 2111
Facsimile: (08) 9389 2199

Postal Address
PO Box 1153
WEST PERTH WA 6872

Bankers
Commonwealth Bank
1254 Hay Street
WEST PERTH WA 6005

Share Register
Advanced Share Registry Services
110 Stirling Highway
NEDLANDS WA 6009
Telephone: (08) 9389 8033
Facsimile: (08) 9262 3723

Auditors
BDO Audit (WA) Pty Ltd
38 Station Street
SUBIACO WA 6008

Internet Address
www.mindax.com.au

Email Address
info@mindax.com.au

Stock Exchange Listing
Mindax Limited shares are listed on the Australian Securities Exchange (ASX code MDX).

Contents

Directors' Report

Your directors submit their report on the consolidated entity (referred to hereafter as the Group) consisting of Mindax Limited and the entities it controlled at the end of, or during, the year ended 30 June 2017.

DIRECTORS

The names and details of the Group's directors in office during the financial year and until the date of this report are as follows. Where applicable, all current and former directorships held in listed public companies over the last three years have been detailed below. Directors were in office for this entire period unless otherwise stated.

Names, qualifications, experience and special responsibilities

Benjamin Chow, AO, BE (Executive Chairman, chairman of remuneration committee, member of audit committee)

Benjamin, aged 71 years, is a distinguished Australian citizen who was born and educated in China, emigrating to Australia in 1962. He has a business background in engineering, property development and leadership in the Chinese and Australian financial sectors.

He chaired the Council for Multicultural Australia which assists the Australian Government implement its multicultural policies. He has previously served as President of Australian Chinese Community Association of NSW, President of Chinese Australian Forum of NSW and Vice-president of the Ethnic Communities Council of NSW. He is a past member of the Council of National Museum of Australia, a member of the Bond University Council, President of Sydney University Nerve Research Foundation, a Trustee and immediate past Chairman of Australian Chinese Charity Foundation and a Director of Chain Reaction Foundation Ltd.

Mr Chow has not held any other public company directorships in the last 3 years.

Andrew Tsang, (Non-Executive Director, member of remuneration committee)

Andrew, aged 61 years, is a naturalised Australian citizen who was born and educated in China and who has successfully established and run construction, engineering and property development businesses both in China and Australia as well as establishing successful import agencies for Australian manufactured goods into China.

Mr Tsang is also non-executive director of Diatreme Resources Limited since 23 January 2009. Mr Tsang has not held any other public company directorships in the last 3 years.

Kgai Mun Loh, (Non-Executive Director, chairman of audit committee, member of remuneration committee)

Kgai (known as Eric) is the Executive Director of Lion Asiapac Limited, a company listed on the Singapore Exchange, since August 2008. Lion Asiapac is a substantial shareholder of the Company.

He has a wealth of management experience including listed companies with multi-national operations. He has also been involved in strategic planning and has spearheaded numerous merger and acquisition projects.

Prior to 2008, he was the Group General Manager of Lion Asiapac Limited and oversaw operational, financial and management matters of the Lion Asiapac Group.

In 1998, Eric joined the Lion Group as the Financial Controller of the Group's telecommunications business unit. Concurrently, he also headed their internal audit and group information systems divisions in Singapore.

Eric holds a Master's Degree in Business Administration from the Edinburgh University Management School and is an Associate Member of the Institute of Chartered Accountant's in England and Wales.

Mr Loh has not held any other public company directorships in the last 3 years.

Yonggang Li, (Non-Executive Director, member of audit committee)

Yonggang, aged 40 years, graduated in Electronic Accounting from Hebei Economic and Trade University in 1999.

From 1999 to 2001 he was the accountant and auditor for Zheng Xiang Accounting Firm Hebei province.

In 2001 he jointly established the Hebei Zhuxin Construction Company and was previously the Chairman.

In 2003 he jointly established the Shijiazhuang Zhengqian Construction Installation Engineering Company Ltd and the Hebei Jiangtai Construction Installation Engineering Company Ltd. He was previously the Chairman of both boards of directors.

In 2005 he joined with others to acquire Luanping Jinhuifeng Mining Company Ltd and was previously the Chairman.

In 2010 Mr Li jointly established Huihua Huimei Investment (Beijing) Company Ltd and is the current Chairman.

In 2011 he acquired a private mining company for dolomite iron ore in Xiaoying Village Luanping County. The company currently extracts 500,000 tonnes of 63% vanadium and titanium ore concentrate.

Mr Li has not held any other public company directorships in the last 3 years.

Directors' Report continued

COMPANY SECRETARY

Dennis Wilkins, B.Bus, MAICD, ACIS

Mr Wilkins is the founder and principal of DWCorporate Pty Ltd a leading privately held corporate advisory firm servicing the natural resources industry. Since 1994 he has been a director of, and involved in the executive management of, several publicly listed resource companies with operations in Australia, PNG, Scandinavia and Africa. From 1995 to 2001 he was the Finance Director of Lynas Corporation Ltd during the period when the Mt Weld Rare Earths project was acquired by the group. He was also founding director and advisor to Atlas Iron Limited at the time of Atlas' initial public offering in 2006.

Since July 2001 Mr Wilkins has been running DWCorporate Pty Ltd where he advises on the formation of, and capital raising for, emerging companies in the Australian resources sector. Mr Wilkins is currently a non-executive director of Key Petroleum Ltd since 5 July 2006, and an alternate director of Middle Island Resources Ltd since 1 May 2010. Within the last three years, Mr Wilkins has been a former director of ASX listed companies Duketon Mining Ltd (resigned 18 November 2014), A1 Consolidated Gold Ltd (resigned 11 May 2015) and Shaw River Manganese Limited (resigned 18 December 2015).

Interests in the shares and options of the Company and related bodies corporate

As at the date of this report, the interests of the directors in the shares and options of Mindax Limited were:

	Ordinary Shares	Options over Ordinary Shares
Benjamin Chow	196,000	-
Andrew Tsang	249,319,543	-
Eric Loh	-	-
Yonggang Li	-	-

PRINCIPAL ACTIVITIES

During the year, the Group's principal activity was mineral exploration.

There was no significant change in the nature of the Group's activities during the year.

DIVIDENDS

No dividends were paid or declared during the financial year. No recommendation for payment of dividends has been made.

REVIEW OF OPERATIONS

Activities during the year were focussed on assessing the Company's existing projects, reviewing new opportunities and securing additional funding. Discussions with various groups continued during the year with respect to the Company and its tenements.

Mindax Limited has retained its iron project, consisting of a parcel of seven mining tenements for 54 km^2 at Mt Forrest, located in Western Australia, and acquired the exploration licence (Exploration Licence 51/1705) in the Meekatharra region of Western Australia.

During the year the Company funded its operations by raising additional capital from existing shareholders and securing commitment from unrelated parties introduced by Mr Yonggang Li, a director of the Company.

Mt Forrest Project (Iron Ore) Summary

The Mt Forrest Project, wholly owned by Mindax Limited through its subsidiary Yilgiron Pty Ltd, is situated 165 km from line of rail at Menzies and some 645 km from the Esperance port. On this project the Company has built up an iron ore inventory, with the JORC mineral resource currently standing at 1.71 billion tonnes of primary magnetite ore grading 31.8% Fe and 27.1 Mt of regolith (hematite/goethite) mineralisation. Additional information can be reviewed in the "Mineral Resource Summary". Results of an Updated Scoping Study were released in November 2013.

Mineral Resource Summary

There has been no change made to the iron mineral resource inventory this financial year or from the dates noted in the tables.

Regolith Iron

The current near surface goethite-hematite-martite-magnetite resource stands at 27.1 Mt @ 44.0% Fe (12.3 Mt Indicated @ 45.5% Fe and 14.8 Mt Inferred @ 42.7% Fe- above 40% Fe cut-off) and is presented in the table following:

Mt Forrest Iron Project –Regolith Mineralisation above a 40% Fe cut-off grade as at September 2013

Resource Category	Tonnes [Mt]	Fe [%]	SiO_2 [%]	Al_2O_3 [%]	P [%]	S [%]	LOI [%]
November 2011 Regolith JORC 2004 Indicated	12.3	45.5	23.0	5.2	0.06	0.07	6.1
November 2011 Regolith JORC 2004 Inferred	2.4	44.8	26.4	4.5	0.05	0.06	4.6
September 2013 Detrital JORC 2004 Inferred	12.4	42.3	19.9	11.4	0.02	0.04	6.3
Total JORC 2004 Indicated and Inferred	**27.1**	**44.0**	**21.9**	**8.0**	**0.04**	**0.06**	**6.0**

Note: Totals are subject to rounding.

Directors' Report continued

Magnetite Iron

The current primary magnetite resource stands at 1.71 billion tonnes @ 31.8% Fe (248.2 Mt @ 32.6% Fe J Indicated and 1,462.4 Mt @ 31.6% Fe Inferred). This table summarises the reported consolidated magnetite resource at a 25% Fe cut-off, noting that approximately 75% of the inferred resource should be considered as extrapolated and is presented as follows:

Mt Forrest Iron Project –Magnetite Mineralisation above a 25% Fe cut-off grade as at July 2012

Resource Category	Tonnes [Mt]	Fe [%]	SiO_2 [%]	Al_2O_3 [%]	P [%]	S [%]	LOI [%]
July 2012 JORC 2004 Indicated	248	32.6	47.0	1.7	0.06	0.12	1.1
July 2012 JORC 2004 Inferred	1,462	31.6	47.9	1.8	0.04	0.10	2.2
Total JORC 2004 Indicated and Inferred	**1,711**	**31.8**	**47.7**	**1.8**	**0.05**	**0.10**	**2.0**

Note: Totals are subject to rounding.

Review of material changes

The Company confirms that it is not aware of any new information or data that materially affects the information included in the original announcements and that all material assumptions and technical parameters underpinning the estimates continue to apply and have not materially changed.

Governance controls

All Mineral Resource estimates are prepared by qualified professionals following JORC Code compliant procedures and follow standard industry methodology for drilling, sampling, assaying, geological interpretation, 3-dimensional modelling and grade interpolation techniques.

The Mineral Resource estimates were calculated by a suitably qualified consultant and overseen by a suitably qualified Mindax Limited employee and/or consultant.

Competent Person Statement

The Mineral Resource information contained in this document was prepared and first disclosed under the 2004 edition of the JORC Code. The Mineral Resource has not been updated to comply with the 2012 edition of the JORC Code (JORC Code 2012) on the basis that there has been no material change to the information since it was last reported. Any updated Mineral Resources will be declared in compliance with the 2012 JORC Code. It is likely the Mineral Resource would report reduced tonnage when issued in compliance with the 2012 JORC Code.

The information relating to Mineral Resources and Exploration results has been compiled under the supervision of Mr Paul Blackney. Mr Blackney is a Member of the Australasian Institute of Mining and Metallurgy (MAusIMM) and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity to which he is undertaking to qualify as a competent person as defined in the 2004 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Blackney is a full-time employee of Optiro Pty Ltd and has reviewed the Mineral Resource work completed and consents to the inclusion in the release of the matters based on his information in the form and context in which it appears.

Corporate

During the year the Company has considered strategies to advance the Company and its objective to increase shareholder return.

A non-renounceable rights issue was completed in the second half of the year on the basis of one new share for every five shares held on the record date at an issue price of $0.005 per new share. A total of 8,270,438 shares were issued under the rights issue and a further 5,000,000 shares were issued to the underwriter.

In addition, the Company announced on 29 May 2017 it had successfully negotiated a funding package to raise $3,057,002 at an issue price of $0.005 per share. A total of $300,000 was received by 30 June 2017, with 20,000,000 shares being issued on 8 June 2017 and a further 40,000,000 being issued on 12 June 2017. A further $100,000 was received subsequent to the reporting date, with 20,000,000 shares being issued on 11 August 2017.

A general meeting of shareholders was held on 11 July 2017 approving the placement of up to 591,400,498 shares at an issue price of $0.005 per share. The Company has subsequently been advised that funds will not be received within the timeframe as required under the ASX Listing Rules and will seek shareholder approval to issue up to 591,400,498 shares at an issue price of $0.005 per share at the Company's forthcoming 2017 Annual General Meeting.

The funding is from unrelated parties introduced by Mr Yonggang Li, a director of the Company.

The audit report issued by the Group's auditor contains an emphasis of matter paragraph on the existence of a material uncertainty related to the Group's ability to continue as a going concern. Refer to Note 1(a)(v) for additional details.

Directors' Report continued

Finance Review

The Group began the financial year with a cash reserve of $14,491. During the year, placements and an entitlements issue totalling 96,470,438 ordinary shares were completed raising a total of $482,352 cash. Additionally, 6,160,000 ordinary shares were issued as consideration for capital raising costs of $30,800.

During the year total exploration expenditure incurred by the Group amounted to $238,122 (2016: $210,169). In line with the Company's accounting policies, exploration expenditure is capitalised. Impairment of capitalised exploration expenditure recognised during the year was $5,885 (2016: $155,870). Net administration expenditure incurred amounted to $564,833 (2016: $839,583). This has resulted in an operating loss after income tax for the year ended 30 June 2017 of $570,718 (2016: $995,453).

At 30 June 2017, surplus funds available totalled $22,224.

Operating Results for the Year

Summarised operating results are as follows:

	2017	
	Revenues $	Results $
Consolidated entity revenues and loss before income tax expense	5	(570,718)

Shareholder Returns

	2017	2016
Basic and diluted loss per share (cents)	**(0.1)**	(0.2)

Risk Management

The board is responsible for ensuring that risks, and also opportunities, are identified on a timely basis and that activities are aligned with the risks and opportunities identified by the board.

The Company believes that it is crucial for all board members to be a part of this process, and as such the board has not established a separate risk management committee.

The board has a number of mechanisms in place to ensure that management's objectives and activities are aligned with the risks identified by the board. These include the following:

- Board approval of a strategic plan, which encompasses strategy statements designed to meet stakeholders needs and manage business risk.
- Implementation of board approved operating plans and budgets and board monitoring of progress against these budgets.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Significant changes in the state of affairs of the Group during the financial year was as follows:

- During the year, placements and an entitlements issue totalling 96,470,438 ordinary shares were completed raising a total of $482,352 cash.
- 6,160,000 ordinary shares were issued as consideration for capital raising costs of $30,800.

SIGNIFICANT EVENTS AFTER THE REPORTING DATE

On 11 August 2017, the Company issued 20,000,000 ordinary shares, at an issue price of $0.005, to raise $100,000 in accordance with the placement facility approved by shareholders at the General Meeting held on 11 July 2017.

No other matters or circumstances have arisen since 30 June 2017, which has significantly affected, or may significantly affect the operations of the Group, the result of those operations, or the state of affairs of the Group in subsequent financial years.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

The Group expects to maintain the present status and level of operations and hence there are no likely developments in the entity's operations.

ENVIRONMENTAL REGULATION AND PERFORMANCE

The Group is subject to significant environmental regulation in respect to its exploration activities.

The Group aims to ensure the appropriate standard of environmental care is achieved, and in doing so, that it is aware of and is in compliance with all environmental legislation. The directors of the Group are not aware of any breach of environmental legislation for the year under review.

The directors have considered the recently enacted National Greenhouse and Energy Reporting Act 2007 (the NGER Act) which introduces a single national reporting framework for the reporting and dissemination of information about greenhouse gas emissions, greenhouse gas projects, and energy use and production of corporations. At the current stage of development, the directors have determined that the NGER Act will have no effect on the Group for the current, nor subsequent, financial year. The directors will reassess this position as and when the need arises.

Directors' Report continued

REMUNERATION REPORT (AUDITED)

The information provided in this audited remuneration report has been audited as required by section 308(3C) of the *Corporations Act 2001*.

The key management personnel covered in this report are:

Benjamin Chow	Executive Chairman
Andrew Tsang	Non-Executive Director
Kgai Mun Loh	Non-Executive Director
Yonggang Li	Non-Executive Director

Principles used to determine the nature and amount of remuneration

Remuneration Policy

The Remuneration Committee is comprised of the executive chairman and two non-executive directors. The remuneration policy of Mindax Limited has been designed to align director and executive objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long-term incentives based on key performance areas affecting the Group's financial results. All short-term incentives are decided at board level. The board of Mindax Limited believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best executives and directors to run and manage the Group.

The board's policy for determining the nature and amount of remuneration for board members and senior executives of the Group is as follows:

The board may exercise discretion in relation to approving incentives, bonuses and options. The policy is designed to attract and retain the highest calibre of executives and reward them for performance that results in long-term growth in shareholder wealth.

Executives are also entitled to participate in the employee share and option arrangements.

The executive directors and executives who receive a salary from the Company also receive a superannuation guarantee contribution as required by the government, which was 9.5% for the 2017 financial year, and do not receive any other retirement benefits. Some individuals, however, may choose to sacrifice part of their salary to increase payments towards superannuation.

All remuneration paid to directors and executives is valued at the cost to the Group and expensed. Options are valued using either the Black-Scholes or Binomial methodologies.

The board policy is to remunerate non-executive directors at market rates for comparable companies for time, commitment and responsibilities. The board determines payments to the non-executive directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at the Annual General Meeting (currently $400,000 approved at the 2010 AGM). Fees for non-executive directors are not linked to the performance of the Group. However, to align directors' interests with shareholder interests, the directors are encouraged to hold shares in the Company and are able to participate in the employee option plan. Effective from 1 January 2016 all non-executive director fees were reduced by 50%.

Directors are also entitled to Committee Fees, payable to members of the Audit and Remuneration Committees. The Board has agreed to fees of $5,000 per annum for each member of a committee, and $10,000 per annum for the Chairman of each committee. These fees were reduced effective from 1 January 2016 to $2,500 per annum for each member of a committee, and $5,000 per annum for the Chairman of each committee.

Performance based remuneration

At this stage, the Group's remuneration of key management personnel (excluding directors) does not include any performance conditions. The Board believes that at this stage of the Group's development, linking remuneration to financial performance indicators such as share price, revenue or profit for these personnel is inappropriate. This may change once the Group commences production.

In relation to non-executive directors, the Board believes that a portion of the remuneration package for the non-executive directors should be linked to some form of financial performance indicator, such as share price, from time to time, as determined by the Board. In this regard, options over unissued shares provide a performance linked incentive component in the remuneration package for non-executive directors to motivate and reward their performance. No options were granted during the 2017 or 2016 financial years.

Company performance, shareholder wealth and directors' and executives' remuneration

The remuneration policy has been tailored to increase goal congruence between shareholders, directors and executives, including the occasional issue of options to directors and executives which is to encourage the alignment of personal and shareholder interests. The Company believes this policy will be effective in increasing shareholder wealth.

The table below shows the gross revenue, losses and earnings per share for the last five years for the listed entity.

	2017	2016	2015	2014	2013
	$	$	$	$	$
Revenue	5	198	4,766	75,352	398,429
Net loss	(570,718)	(995,453)	(21,706,407)	(4,636,341)	(2,992,131)
Loss per share (cents)	(0.1)	(0.2)	(8.1)	(1.8)	(1.3)
Share price at year end (cents)	0.6	0.4	0.5	6.1	12.0

No dividends have been paid.

Directors' Report continued

Performance conditions linked to remuneration

In relation to non-executive directors (including the Chairman), the Board believes that a portion of the remuneration package for the non-executive directors should be linked to some form of financial performance indicator, such as share price, from time to time, as determined by the Board. In this regard, options over unissued shares provide a performance linked incentive component in the remuneration package for non-executive directors to motivate and reward their performance. No options were issued to directors during the 2017 financial year.

Use of remuneration consultants

The Group did not employ the services of any remuneration consultants during the financial year ended 30 June 2017.

Voting and comments made at the Company's 2016 Annual General Meeting

The Company received approximately 99.9% of "yes" votes on its remuneration report for the 2016 financial year. The Company did not receive any specific feedback at the AGM or throughout the year on its remuneration practices.

Details of remuneration

Details of the remuneration of the directors and the key management personnel of the Group are set out in the following table.

No remuneration paid to key management personnel of the Group was linked to performance in the 2017 and 2016 financial years.

Key management personnel of the Group

	Short-Term			**Post Employ-ment**	**Term-ination**	**Share-Based Payments**	**Total**	**Percentage Relevant to Share-Based Payments**
	Salary & Fees	Non-Cash benefits	Other	Super-annuation	Term-ination benefits			
	$	$	$	$	$	$	$	%
Directors								
Benjamin Chow								
2017	**189,500**	**-**	**-**	**5,463**	**-**	**-**	**194,963**	**-**
2016	218,250	-	-	8,194	-	-	226,444	-
Andrew Tsang								
2017	**27,500**	**-**	**-**	**2,613**	**-**	**-**	**30,113**	**-**
2016	41,250	-	-	3,919	-	-	45,169	-
Kgai Mun Loh								
2017	**56,500**	**-**	**-**	**5,368**	**-**	**-**	**61,868**	**-**
2016	60,750	-	-	5,771	-	-	66,521	-
Yonggang Li								
2017	**27,500**	**-**	**-**	**2,613**	**-**	**-**	**30,113**	**-**
2016	41,250	-	-	3,919	-	-	45,169	-
Total key management personnel compensation								
2017	**301,000**	**-**	**-**	**16,055**	**-**	**-**	**317,055**	**-**
2016	361,500	-	-	21,803	-	-	383,303	-

Service agreements

The details of service agreements of the key management personnel of Mindax Limited and the Group are as follows:

Benjamin Chow, Executive Chairman:

- Term of agreement – 2 years commenced 1 June 2014, and currently remains in place under the same terms.
- Monthly consultancy fees of $10,000 are paid to Jabroo Investments Pty Ltd t/a Benjamin M T Chow & Associates, a company controlled by Mr Chow, plus $1,000 per month to cover use of Mr Chow's equipment including computers, printers, communication equipment and consumables. This fee is in addition to his non-executive director fees which do not cover executive duties.

Kgai Mun Loh, Non-Executive Director:

- Term of agreement – ongoing, commenced 1 January 2016.
- Monthly consultancy fees of $2,000 for services rendered. This fee is in addition to his non-executive director fees which do not cover executive duties.

None of the other directors or key management personnel have service agreements in place.

Directors' Report continued

Share-based compensation

Options

Options are issued to directors and executives as part of their remuneration. The options are not issued based on performance criteria, but are issued to the majority of directors and executives of Mindax Limited to increase goal congruence between executives, directors and shareholders. The Company does not have a formal policy in relation to the key management personnel limiting their exposure to risk in relation to the securities, but the Board actively discourages key personnel management from obtaining mortgages in securities held in the Company. There were no options granted to or vesting with key management personnel during the year.

Ordinary Shares

No ordinary shares in the Company have been provided as a result of the exercise of remuneration options to each director of Mindax Limited and other key management personnel of the Group during the year.

Equity instruments held by key management personnel

Share holdings

The numbers of shares in the Company held during the financial year by each director of Mindax Limited and other key management personnel of the Group, including their personally related parties, and any nominally held, are set out below. There were no shares granted during the reporting period as compensation.

2017	Balance at start of the year	Received during the year on the exercise of options	Other changes during the year	Balance at end of the year(1)
Directors of Mindax Limited				
Ordinary shares				
Benjamin Chow	**196,000**	-	-	**196,000**
Andrew Tsang	**244,319,543**	-	**5,000,000(2)**	**249,319,543**
Kgai Mun Loh	-	-	-	-
Yonggang Li	-	-	-	-

(1) At year end there are no nominally held shares.

(2) Shares acquired during the year were as underwriter of the entitlements issue.

Option holdings

The numbers of options over ordinary shares in the Company held during the financial year by each director of Mindax Limited and other key management personnel of the Company, including their personally related parties, are set out below:

2017	Balance at start of the year	Granted as compensation	Exercised	Other changes	Balance at end of the year	Vested and exercisable	Unvested
Directors of Mindax Limited							
Benjamin Chow	-	-	-	-	-	-	-
Andrew Tsang	-	-	-	-	-	-	-
Kgai Mun Loh	-	-	-	-	-	-	-
Yonggang Li	-	-	-	-	-	-	-

All vested options are exercisable at the end of the year.

Loans from key management personnel

The Company has secured short-term funding by way of an unsecured non-recourse loan from the Executive Chairman, Mr Benjamin Chow. The loan is unsecured, interest free and with no set repayment terms. At 30 June 2017, the balance outstanding was $10,644 (2016: N/A).

Other transactions with key management personnel

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Underwriting of Entitlements Issue

Mr Andrew Tsang, Non-Executive Director, entered into an Underwriting Agreement with the Company to fully underwrite the Entitlements Issue the subject of the Offer Memorandum (“Offer”) released to ASX on 3 April 2017. Pursuant to the Underwriting Agreement Mr Tsang was to be entitled to an underwriting fee of 5% of the funds raised under the Offer.

As announced to ASX on 29 May 2017, Mr Tsang agreed to forgo the majority of his rights to subscribe for shortfall shares under the Underwriting Agreement in favour of the superior funding package secured by Mr Yonggang Li. Mr Tsang subscribed for a total of 5,000,000 ordinary shares in accordance with his rights, and did not take any fees associated with the Underwriting Agreement.

End of audited Remuneration Report

Directors' Report continued

DIRECTORS' MEETINGS

During the year the Company held six meetings of directors. The attendance of directors at meetings of the board were:

	Directors Meetings		Committee Meetings			
			Audit		Remuneration	
	A	B	A	B	A	B
Benjamin Chow	6	6	-	-	-	-
Andrew Tsang	6	6	*	*	-	-
Kgai Mun Loh	6	6	-	-	-	-
Yonggang Li	2	6	-	-	*	*

Notes

A - Number of meetings attended.

B - Number of meetings held during the time the director held office during the year.

* - Not a member of the relevant Committee.

SHARES UNDER OPTION

There are no unissued ordinary shares of Mindax Limited under option at the date of this report.

INSURANCE OF DIRECTORS AND OFFICERS

The Group has paid premiums to insure directors against liabilities for costs and expenses incurred by them in defending legal proceedings arising from their conduct while acting in the capacity of director of the Group, other than conduct involving a wilful breach of duty in relation to the Group.

NON-AUDIT SERVICES

The following non-audit services were provided by the entity's auditor, BDO Audit (WA) Pty Ltd or associated entities. The directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

– All non-audit services have been reviewed by the audit committee to ensure they do not impact the impartiality and objectivity of the auditor; and

– None of the services undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants.*

BDO Corporate Finance (WA) Pty Ltd received or are due to receive the following amounts for the provision of non-audit services:

	2017	2016
	$	$
Independent Expert's Report	-	22,440
Total remuneration for non-audit services	-	22,440

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the *Corporations Act 2001*.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 11.

Signed in accordance with a resolution of the directors.

Benjamin Chow
Executive Chairman
Perth, 29 September 2017

Tel: +61 8 6382 4600
Fax: +61 8 6382 4601
www.bdo.com.au

38 Station Street
Subiaco, WA 6008
PO Box 700 West Perth WA 6872
Australia

DECLARATION OF INDEPENDENCE BY GLYN O'BRIEN TO THE DIRECTORS OF MINDAX LIMITED

As lead auditor of Mindax Limited for the year ended 30 June 2017, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Mindax Limited and the entities it controlled during the period.

Glyn O'Brien

Director

BDO Audit (WA) Pty Ltd

Perth, 29 September 2017

Corporate Governance Statement

Mindax Limited and the Board are committed to achieving and demonstrating the highest standards of corporate governance. Mindax Limited has reviewed its corporate governance practices against the Corporate Governance Principles and Recommendations (3rd edition) published by the ASX Corporate Governance Council.

The 2017 Corporate Governance Statement was approved by the Board on 29 September 2017 and is current as at 29 September 2017. A description of the Group's current corporate governance practices is set out in the Group's Corporate Governance Statement which can be viewed at www.mindax.com.au.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

YEAR ENDED 30 JUNE 2017	Notes	2017 $	2016 $
REVENUE	4	**5**	198
EXPENDITURE			
Administration expenses		**(20,682)**	(130,553)
Corporate expenses		**(355,581)**	(383,455)
Depreciation expense	9	**(3,520)**	(9,967)
Exploration expenditure written off	10	**(5,885)**	(155,870)
Other expenses		-	(60,000)
Salaries and employee benefits expense		**(185,055)**	(255,806)
LOSS BEFORE INCOME TAX		**(570,718)**	(995,453)
INCOME TAX BENEFIT	6	-	-
LOSS FOR THE YEAR ATTRIBUTABLE TO OWNERS OF MINDAX LIMITED		**(570,718)**	(995,453)
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE LOSS FOR THE YEAR ATTRIBUTABLE TO OWNERS OF MINDAX LIMITED		**(570,718)**	(995,453)
Basic and diluted loss per share for loss attributable to the members of Mindax Limited (cents per share)	22	**(0.1)**	(0.2)

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Notes to the Consolidated Financial Statements.

Consolidated Statement of Financial Position

AT 30 JUNE 2017	Notes	2017 $	2016 $
CURRENT ASSETS			
Cash and cash equivalents	7	**22,224**	14,491
Trade and other receivables	8	**11,002**	13,106
Prepayments		**2,859**	3,943
TOTAL CURRENT ASSETS		**36,085**	31,540
NON-CURRENT ASSETS			
Plant and equipment	9	**13,380**	30,220
Other assets		**2,885**	2,885
Exploration and evaluation assets	10	**1,747,025**	1,514,788
TOTAL NON-CURRENT ASSETS		**1,763,290**	1,547,893
TOTAL ASSETS		**1,799,375**	1,579,433
CURRENT LIABILITIES			
Trade and other payables	11	**748,139**	450,475
Borrowings	12	**10,644**	-
TOTAL CURRENT LIABILITIES		**758,783**	450,475
TOTAL LIABILITIES		**758,783**	450,475
NET ASSETS		**1,040,592**	1,128,958
EQUITY			
Contributed equity	13	**42,743,101**	42,260,749
Reserves	14(a)	**871,452**	871,452
Accumulated losses	14(b)	**(42,573,961)**	(42,003,243)
TOTAL EQUITY		**1,040,592**	1,128,958

The above Consolidated Statement of Financial Position should be read in conjunction with the Notes to the Consolidated Financial Statements.

Consolidated Statement of Changes in Equity

YEAR ENDED 30 JUNE 2017	Notes	Contributed Equity $	Share-based Payments Reserve $	Accumulated Losses $	Total $
BALANCE AT 1 JULY 2015		40,945,749	871,452	(41,007,790)	809,411
Loss for the year		-	-	(995,453)	(995,453)
TOTAL COMPREHENSIVE LOSS		-	-	(995,453)	(995,453)
TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS					
Shares issued during the year	13	1,404,950	-	-	1,404,950
Transaction costs		(89,950)	-	-	(89,950)
BALANCE AT 30 JUNE 2016		42,260,749	871,452	(42,003,243)	1,128,958
Loss for the year		-	-	**(570,718)**	**(570,718)**
TOTAL COMPREHENSIVE LOSS		-	-	**(570,718)**	**(570,718)**
TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS					
Shares issued during the year	13	**513,152**	-	-	**513,152**
Transaction costs		**(30,800)**	-	-	**(30,800)**
BALANCE AT 30 JUNE 2017		**42,743,101**	**871,452**	**(42,573,961)**	**1,040,592**

The above Consolidated Statement of Changes in Equity should be read in conjunction with the Notes to the Consolidated Financial Statements.

Consolidated Statement of Cash Flows

YEAR ENDED 30 JUNE 2017	Notes	2017 $	2016 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers and employees		**(275,974)**	(426,354)
Interest received		**5**	527
NET CASH (OUTFLOW) FROM OPERATING ACTIVITIES	21(a)	**(275,969)**	(425,827)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of plant and equipment		**3,636**	24,739
Payments for exploration expenditure		**(212,930)**	(172,894)
NET CASH (OUTFLOW) FROM INVESTING ACTIVITIES		**(209,294)**	(148,155)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issues of ordinary shares		**482,352**	500,000
Proceeds from related party borrowings		**10,644**	-
NET CASH INFLOW FROM FINANCING ACTIVITIES		**492,996**	500,000
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**7,733**	(73,982)
Cash and cash equivalents at the beginning of the financial year		**14,491**	88,472
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	7	**22,224**	14,491

The above Consolidated Statement of Cash Flows should be read in conjunction with the Notes to the Consolidated Financial Statements.

Notes to the Consolidated Financial Statements

30 JUNE 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the consolidated entity consisting of Mindax Limited and its subsidiaries. The financial statements are presented in the Australian currency. Mindax Limited is a company limited by shares, domiciled and incorporated in Australia. The financial statements were authorised for issue by the directors on 29 September 2017. The directors have the power to amend and reissue the financial statements.

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the *Corporations Act 2001*. Mindax Limited is a for-profit entity for the purpose of preparing the financial statements.

(i) Compliance with IFRS

The consolidated financial statements of the Mindax Limited Group also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

(ii) New and amended standards adopted by the Group

The Group has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the AASB that are relevant to its operations and effective for the current annual reporting period. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Group during the financial year.

(iii) Early adoption of standards

The Group has not elected to apply any pronouncements before their operative date in the annual reporting period beginning 1 July 2016.

(iv) Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified, where required, by the measurement at fair value of selected financial assets and financial liabilities.

(v) Going concern

The financial report has been prepared on a going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business.

During the year the Group incurred a net loss of $570,718 (2016: $995,453) and incurred net cash outflows from operating activities of $275,969 (2016: $425,827). The Group had a net working capital deficiency of $722,698 (2016: $418,935) and trade and other payables of $748,139 (2016: $450,475) at reporting date. At the date of this report the majority of the current liabilities are overdue.

Of the $748,139 in trade and other payables outstanding at reporting date, $647,811, are owed to related parties and internal creditors and $100,328 are owed to external creditors.

Negotiations are in place, and shareholder approval was obtained at a General Meeting held on 11 July 2017, to secure equity funding totalling $3,057,002 from unrelated parties. From this amount, a total of $400,000 has been received as at the date of this report, including an amount of $100,000 received subsequent to reporting date. Receipt of the remaining $2,657,002 under the equity funding agreement is expected to occur following shareholder re-approval at the Company's upcoming 2017 Annual General Meeting.

The related parties have indicated they will continue to support the Group and defer repayment terms and entitlements until such time that the Group has the financial capacity to compensate them. The ability of the Group to continue as a going concern is therefore dependent on the finalisation and receipt of the equity funding agreement in place and the continued support of its related parties until such time as the Group can repay them.

These conditions indicate a material uncertainty that may cast a significant doubt about the Group's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

Management believe that as at the date of this report that there are reasonable grounds to believe that the Group will continue as a going concern for the following reasons:

- Finalisation and receipt of funding under the equity funding agreement in place; and
- The continued support from the Group's related parties.

Should the entity not be able to continue as a going concern, it may be required to realise its assets and discharge its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements. The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or liabilities that might be necessary should the entity not continue as a going concern.

Notes to the Consolidated Financial Statements continued

30 JUNE 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(b) Principles of consolidation

(i) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of financial position respectively.

(ii) Changes in ownership interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of Mindax Limited.

When the Group ceases to have control, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, jointly controlled entity or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in a jointly controlled entity or associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

(c) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the full Board of Directors.

(d) Revenue recognition

Interest revenue is recognised using the effective interest rate method, which, for floating rate financial assets, is the rate inherent in the instrument.

(e) Government grants (Research and Development)

Grants from the government are offset against the area where the costs were initially incurred at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

All grant revenue is stated net of the amount of goods and services tax (GST).

For research and development relating to exploration and evaluation expenditure, any claim will be offset against this balance.

(f) Income tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Notes to the Consolidated Financial Statements continued

30 JUNE 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

(g) Impairment of assets

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

(h) Cash and cash equivalents

For statement of cash flows presentation purposes, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

(i) Trade and other receivables

Receivables are recognised initially at fair value and subsequently at amortised cost. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written-off as incurred.

(j) Financial instruments

Classification of financial assets

The Group currently only has one class of financial asset: loans and receivables. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its financial assets at initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the reporting date which are classified as non-current assets.

Collectability of loans and receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. An allowance account (provision for impairment) is used when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables or in an otherwise timely manner. The amount of the impairment allowance is the difference between the asset's carrying amount and the estimated future cash flows. None of the Group's loans and receivables has an applicable interest rate hence the cash flows are not discounted.

The amount of the impairment loss is recognised in the statement of profit or loss and other comprehensive income within impairment expenses. When a loan or receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the statement of profit or loss and other comprehensive income.

Recognition and derecognition

Regular purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Measurement

Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method.

Notes to the Consolidated Financial Statements continued

30 JUNE 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Impairment

The Group assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired. If there is evidence of impairment for any of the Group's financial assets carried at amortised cost, the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, excluding future credit losses that have not been incurred. The cash flows are discounted at the financial asset's original effective interest rate. The loss is recognised in the statement of profit or loss and other comprehensive income.

(k) Plant and equipment

All plant and equipment is stated at historical cost less depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to the statement of profit or loss and other comprehensive income during the reporting period in which they are incurred.

Depreciation of plant and equipment is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives. The rates vary between 6% and 50% per annum.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 1(g)).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the statement of profit or loss and other comprehensive income.

(l) Exploration and evaluation costs

Exploration and evaluation expenditures are accumulated in respect of each separate area of interest.

Exploration and evaluation costs are carried forward where right of tenure of the area of interest is current and they are expected to be recouped through sale or successful development and exploitation of the area of interest, or, where exploration and evaluation activities in the area of interest have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Development costs related to an area of interest are carried forward to the extent that they are expected to be recouped either through sale or successful exploitation of the area of interest.

When an area of interest is abandoned or the directors decide that it is not commercial, any accumulated expenditures in respect of that area are written off in the financial period the decision is made.

(m) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. They are recognised initially at fair value and subsequently at amortised cost. The amounts are unsecured and are paid on normal commercial terms.

(n) Borrowings

The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments. The fair value of current borrowings approximates the carrying amount as the impact of discounting is not significant. Borrowing costs are expensed in the period in which they are incurred.

(o) Employee benefits

(i) Wages and salaries and annual leave

Liabilities for wages and salaries, including non-monetary benefits, and annual leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

(ii) Share-based payments

The Group provides benefits to employees (including directors) of the Group in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares ('equity-settled transactions'), refer to note 24.

The cost of these equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an internal valuation using an appropriate option pricing model.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('vesting date').

Notes to the Consolidated Financial Statements continued

30 JUNE 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the number of options that, in the opinion of the directors of the Group, will ultimately vest. This opinion is formed based on the best available information at reporting date. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award.

Options over ordinary shares have also been issued as consideration for services and the acquisition of interests in tenements. These options have been treated in the same manner as employee options described above, with the expense being included as part of exploration expenditure.

(p) Contributed equity

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(q) Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

(r) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the respective taxation authorities, are presented as operating cash flows.

(s) New accounting standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2017 reporting periods and have not been early adopted by the Group. The Group's assessment of the impact of these new standards and interpretations is set out below. New standards and interpretations not mentioned are considered unlikely to impact on the financial reporting of the Group.

AASB 9 *Financial Instruments* (applicable for annual reporting periods commencing on or after 1 January 2018).

AASB 9 (December 2014) is a new Principal standard which replaces AASB 139. This new Principal version supersedes AASB 9 issued in December 2009 (as amended) and AASB 9 (issued in December 2010) and includes a model for classification and measurement, a single, forward-looking 'expected loss' impairment model and a substantially-reformed approach to hedge accounting.

AASB 9 is effective for annual reporting periods beginning on or after 1 January 2018. However, the Standard is available for early adoption. The own credit changes can be early applied in isolation without otherwise changing the accounting for financial instruments.

The final version of AASB 9 introduces a new expected-loss impairment model that will require more timely recognition of expected credit losses. Specifically, the new Standard requires entities to account for expected credit losses from when financial instruments are first recognised and to recognise full lifetime expected losses on a timelier basis.

Amendments to AASB 9 (December 2009 & 2010 editions) (AASB 2013-9) issued in December 2013 included the new hedge accounting requirements, including changes to hedge effectiveness testing, treatment of hedging costs, risk components that can be hedged and disclosures.

AASB 9 includes requirements for a simpler approach for classification and measurement of financial assets compared with the requirements of AASB 139.

The main changes are described as follows.

Notes to the Consolidated Financial Statements continued

30 JUNE 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

a) Financial assets that are debt instruments will be classified based on (1) the objective of the entity's business model for managing the financial assets; (2) the characteristics of the contractual cash flows.

b) Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument.

c) Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases.

d) Where the fair value option is used for financial liabilities the change in fair value is to be accounted for as follows:

- The change attributable to changes in credit risk are presented in other comprehensive income (OCI)
- The remaining change is presented in profit or loss

AASB 9 also removes the volatility in profit or loss that was caused by changes in the credit risk of liabilities elected to be measured at fair value. This change in accounting means that gains caused by the deterioration of an entity's own credit risk on such liabilities are no longer recognised in profit or loss.

Consequential amendments were also made to other standards as a result of AASB 9, introduced by AASB 2009-11 and superseded by AASB 2010-7, AASB 2010-10 and AASB 2014-1 – Part E.

AASB 2014-7 incorporates the consequential amendments arising from the issuance of AASB 9 in December 2014.

AASB 2014-8 limits the application of the existing versions of AASB 9 (AASB 9 (December 2009) and AASB 9 (December 2010)) from 1 February 2015 and applies to annual reporting periods beginning on or after 1 January 2015.

Based on the financial assets and liabilities currently held, the Group does not anticipate any impact on the financial statements upon adoption of this standard. The Group does not presently engage in hedge accounting.

AASB 15 *Revenue from Contracts with Customers* (applicable for annual reporting periods commencing on or after 1 January 2017).

In May 2014, the IASB issued IFRS 15 *Revenue from Contracts with Customers*, which replaces IAS 11 *Construction Contracts*, IAS 18 *Revenue* and related interpretations (IFRIC 13 *Customer Loyalty Programmes*, IFRIC 15 A*greements for the Construction of Real Estate*, IFRIC 18 *Transfers of Assets from Customers* and SIC-31 *Revenue-Barter Transactions Involving Advertising Services*). The core principle of IFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps:

a) Step 1: Identify the contract(s) with a customer

b) Step 2: Identify the performance obligations in the contract

c) Step 3: Determine the transaction price

d) Step 4: Allocate the transaction price to the performance obligations in the contract

e) Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Early application of this standard is permitted. AASB 2014-5 incorporates the consequential amendments to a number of Australian Accounting Standards (including Interpretations) arising from the issuance of AASB 15.

There will be no impact on the Group's financial position or performance.

AASB 16 *Leases* (applicable for annual reporting periods commencing on or after 1 January 2019).

The key features of AASB 16 are as follows:

Lessee accounting

- Lessees are required to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value.
- A lessee measures right-of-use assets similarly to other non-financial assets and lease liabilities similarly to other financial liabilities.
- Assets and liabilities arising from a lease are initially measured on a present value basis. The measurement includes non-cancellable lease payments (including inflation-linked payments), and also includes payments to be made in optional periods if the lessee is reasonable certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease.

IFRS 16 contains disclosure requirements for lessees.

Notes to the Consolidated Financial Statements continued

30 JUNE 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Lessor accounting

- AASB 16 substantially carries forward the lessor accounting requirements in AASB 117. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.
- AASB 16 also requires enhanced disclosures to be provided by lessors that will improve information disclosed about a lessor's risk exposure, particularly to residual value risk.

The new standard will be effective for annual periods beginning on or after 1 January 2019. Early adoption is permitted, provided the new revenue standard, AASB 15 *Revenue from Contracts with Customers*, has been applied, or is applied at the same date as AASB 16.

The effect of this amendment on the Group's financial statements has yet to be determined.

None of the other amendments or Interpretations are expected to affect the accounting policies of the Group.

(t) Critical accounting judgements, estimates and assumptions

The preparation of these financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are:

Exploration expenditure

The future recoverability of capitalised exploration and evaluation expenditure is dependent on a number of factors, including whether the Group decides to exploit the related lease itself or, if not, whether it successfully recovers the related exploration and evaluation asset through sale.

Factors that could impact the future recoverability include the level of reserves and resources, future technological changes, costs of drilling and production, production rates, future legal changes (including changes to environmental restoration obligations) and changes to commodity prices.

Details of impairment recognised during the year, and the calculation of the carrying value at 30 June 2017 are contained in note 10.

Environmental Issues

Balances disclosed in the financial statements and notes thereto are not adjusted for any pending or enacted environmental legislation, and the directors understanding thereof. At the current stage of the Group's development and its current environmental impact the directors believe such treatment is reasonable and appropriate.

Taxation

Balances disclosed in the financial statements and the notes thereto related to taxation are based on the best estimates of the directors. These estimates take into account both the financial performance and position of the Group as they pertain to current income taxation legislation, and the directors understanding thereof. No adjustment has been made for pending or future taxation legislation. The current income tax position represents that directors' best estimate, pending an assessment by the Australian Taxation Office.

Notes to the Consolidated Financial Statements continued

30 JUNE 2017

2. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: market risk (including currency risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group.

Risk management is carried out by the full Board of Directors as the Group believes that it is crucial for all board members to be involved in this process. The executive chairman, with the assistance of senior management as required, has responsibility for identifying, assessing, treating and monitoring risks and reporting to the board on risk management.

(a) Market risk

(i) Foreign exchange risk

As all operations are currently within Australia, the Company is not exposed to any material foreign exchange risk.

(ii) Commodity price risk

Given the current level of operations the Company is not exposed to commodity price risk.

(iii) Interest rate risk

The Group is exposed to movements in market interest rates on cash and cash equivalents. The Group policy is to monitor the interest rate yield curve out to 120 days to ensure a balance is maintained between the liquidity of cash assets and the interest rate return.

Sensitivity analysis

At 30 June 2017, if interest rates had changed by -/+ 25 basis points from the weighted average rate for the year with all other variables held constant, post-tax loss for the Group would have been $5 higher or $46 lower (2016: $129 higher/lower) as a result of lower/higher interest income from cash and cash equivalents. The directors believe that in the current economic environment a 0.25% increase in interest rates is reasonable given comments made by the Reserve Bank of Australia. Weighted average interest rate for the year was 0.0% (2016: 0.4%).

(b) Credit risk

The maximum exposure to credit risk at reporting date is the carrying amount (net of provision for impairment) of those assets as disclosed in the statement of financial position and notes to the financial statements. The only significant concentration of credit risk for the Group is the cash and cash equivalents held with financial institutions. All material deposits are held with the major Australian banks for which the Board evaluate credit risk to be minimal (credit rating –AA).

As the Group does not presently have any significant trade receivables, lending, significant stock levels or any other credit risk, a formal credit risk management policy is not maintained.

(c) Liquidity risk

The Group manages liquidity risk by continuously monitoring forecast and actual cash flows and ensuring sufficient cash is available to meet the current and future commitments of the Group. Due to the nature of the Group's activities, being mineral exploration, the Group does not have ready access to credit facilities, with the primary source of funding being equity raisings. The Board of Directors constantly monitor the state of equity markets in conjunction with the Group's current and future funding requirements, with a view to initiating appropriate capital raisings as required.

The financial liabilities of the Group are confined to trade and other payables as disclosed in the statement of financial position, and borrowings for which further details are contained in note 12. All trade and other payables are non-interest bearing and due within 12 months of the reporting date.

The table below reflects an undiscounted contractual maturity analysis for financial liabilities. The timing of cash flows presented in the table to settle financial liabilities reflects the earliest contractual settlement dates and does not reflect management's expectations that borrowing facilities may be rolled forward.

	Within 1 Year		1 to 5 Years		Total Contractual Cashflow	
	2017	2016	2017	2016	2017	2016
	$	$	$	$	$	$
Financial liabilities due for payment						
Trade and other payables	**748,139**	450,475	-	-	**748,139**	450,475
Non-recourse loans	**10,644**	-	-	-	**10,644**	-
Total contractual outflows	**758,783**	450,475	-	-	**758,783**	450,475

Notes to the Consolidated Financial Statements continued

30 JUNE 2017

2. FINANCIAL RISK MANAGEMENT (cont'd)

(d) Fair value estimation

There were no financial assets or liabilities at 30 June 2017 requiring fair value estimation and disclosure as they are either not carried at fair value or, in the case of short-term financial assets and financial liabilities, their carrying values approximate fair value.

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The carrying amounts and estimated fair values of financial assets and financial liabilities are as follows:

	2017 $	2016 $
Financial Assets		
Cash and cash equivalents	**22,224**	14,491
Trade and other receivables	**11,002**	13,106
Total Financial Assets	**33,226**	27,597
Financial Liabilities		
Trade and other payables	**748,139**	450,475
Non-recourse loans	**10,644**	-
Total Financial Liabilities	**758,783**	450,475

The methods and assumptions used to estimate the fair value of financial instruments are outlined below:

Cash

The carrying amount is fair value due to the liquid nature of these assets.

Receivables/Payables

Due to the short term nature of these financial rights and obligations, their carrying amounts are estimated to represent their fair values.

Fair value measurements of financial assets

The carrying values of financial assets and liabilities of the Group approximate their fair values. Fair values of financial assets and liabilities have been determined for measurement and/or disclosure purposes.

Fair value hierarchy

The Group classifies assets and liabilities carried at fair value using a fair value hierarchy that reflects the significance of the inputs used in determining that value. The following table analyses financial instruments carried at fair value by the valuation method. The different levels in the hierarchy have been defined as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

3. SEGMENT INFORMATION

For management purposes, the Group has identified two (2016: four) reportable segments based on the minerals present in the Projects detailed in the Quarterly Activities Report released to the Australian Securities Exchange each quarter. Based on the contents of this report, the reportable segments identified are:

1. 2016 only - Uranium (comprising the Yilgarn Avon Joint Venture (JV) – Palaeochannel Project and other non-JV projects);
2. Gold (comprising the Meekatharra Project);
3. 2016 only - Copper and Gold (comprising the Yilgarn Avon Joint venture – Mortlock Project); and
4. Iron Ore (comprising the Mt Forrest Project (2016: included Fred's Bore Project)).

The Uranium (segment 1) and Copper and Gold (segment 3) segments noted above are not applicable for the 2017 financial year as the Group imapired all assets and ceased exploraiton activities, including the withdrawl of all applicable tenements, relating to those segments.

Notes to the Consolidated Financial Statements continued

30 JUNE 2017

3. SEGMENT INFORMATION (cont'd)

Segment information provided to the directors for the year ended 30 June 2017 is as follows:

	Uranium $	Gold $	Copper and Gold $	Iron Ore $	Total $
Year ended 30 June 2017					
Total segment revenue	**N/A**	**-**	**N/A**	**-**	**-**
Intersegment revenue	**N/A**	**-**	**N/A**	**-**	**-**
Revenue from external customers	**N/A**	**-**	**N/A**	**-**	**-**
Reportable segment profit/(loss)	**N/A**	**-**	**N/A**	**(5,885)**	**(5,885)**
Year ended 30 June 2016					
Total segment revenue	-	-	-	-	-
Intersegment revenue	-	-	-	-	-
Revenue from external customers	-	-	-	-	-
Reportable segment loss	(73)	(57,478)	-	(98,319)	(155,870)

Reportable segment losses are the result of impairment of exploration and evaluation assets, refer to note 10 for further details.

Total segment assets					
30 June 2017	**-**	**60,670**	**-**	**1,699,735**	**1,760,405**
30 June 2016	-	-	-	1,545,008	1,545,008

	2017 $	2016 $
Reportable segment assets and liabilities are reconciled to total assets and total liabilities as follows:		
Segment assets	**1,760,405**	1,545,008
Intersegment eliminations	**-**	-
Unallocated		
Cash and cash equivalents	**22,224**	14,491
Trade and other receivables	**11,002**	13,106
Prepayments	**2,859**	3,943
Other non-current assets	**2,885**	2,885
Total assets	**1,799,375**	1,579,433
Segment liabilities	**-**	-
Intersegment eliminations	**-**	-
Unallocated		
Trade and other payables	**748,139**	450,475
Borrowings	**10,644**	-
Total liabilities	**758,783**	450,475
Reconciliation of reportable segment loss to loss before income tax is as follows:		
Total loss for reportable segments	**(5,885)**	(155,870)
Intersegment eliminations	**-**	-
Unallocated		
Interest revenue	**5**	198
Depreciation expense	**(3,520)**	(9,967)
Other expenses	**(561,318)**	(829,814)
Loss before income tax	**(570,718)**	(995,453)

Notes to the Consolidated Financial Statements continued

30 JUNE 2017	2017 $	2016 $
4. REVENUE AND OTHER INCOME		
Revenue from continuing operations		
Interest revenue	**5**	198
5. EXPENSES		
Specific expenses requiring disclosure:		
Defined contribution superannuation expense	**16,055**	22,003
Net loss on disposal of plant and equipment	**9,684**	31,368
Minimum lease payments relating to operating leases	-	17,768
6. INCOME TAX		
(a) Income tax benefit		
Current tax	-	-
Deferred tax	-	-
	-	-
(b) Numerical reconciliation of income tax expense to prima facie tax payable		
Loss from continuing operations before income tax expense	**(570,718)**	(995,453)
Prima facie tax benefit at the Australian tax rate of 30% (2016: 30%)	**(171,215)**	(298,636)
Movements in unrecognised temporary differences	**(105,005)**	(71,298)
Tax effect of current year tax losses for which no deferred tax asset has been recognised	**276,220**	369,934
Income tax benefit	-	-
(c) Tax losses		
Unused tax losses for which no deferred tax asset has been recognised	**39,297,061**	38,376,223
Potential tax benefit at 30%	**11,789,118**	11,512,867
(d) Unrecognised temporary differences		
Deferred Tax Assets (at 30%)		
Capital raising costs	**26,365**	41,531
Blackhole expenditure	**4,831**	12,119
Other temporary differences	**7,508**	12,879
Carry forward tax losses	**11,789,118**	11,512,867
Deferred Tax Liabilities (at 30%)		
Capitalised exploration and evaluation expenditure	**(524,107)**	(454,436)
Net deferred tax assets	**11,303,715**	11,124,960

Net deferred tax assets have not been brought to account as it is not probable within the immediate future that tax profits will be available against which deductible temporary differences and tax losses can be utilised. The recoupment of available tax losses as at 30 June 2017 is contingent upon the following:

(i) The Group deriving future assessable income of a nature and an amount sufficient to enable the benefit from the deductions for the losses to be realised;

(ii) The Group continues to comply with the conditions for deductibility imposed by tax legislation in Australia; and

(iii) There being no changes in tax legislation which adversely affect the Group from realising the benefit.

Notes to the Consolidated Financial Statements continued

30 JUNE 2017	2017 $	2016 $
7. CURRENT ASSETS – CASH AND CASH EQUIVALENTS		
Cash at bank and in hand	**22,224**	14,491
Cash and cash equivalents as shown in the statement of financial position and the statement of cash flows	**22,224**	14,491

Cash at bank and in hand earns interest at floating rates based on daily bank deposit rates.

Short-term deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates, refer to note 2(a)(iii).

8. CURRENT ASSETS – TRADE AND OTHER RECEIVABLES

	2017	2016
Sundry debtors	**11,002**	13,106

Sundry debtors are not past due nor impaired, and based on history are expected to be fully recoverable. Information about the Group's exposure to credit risk is provided in note 2.

9. NON-CURRENT ASSETS – PLANT AND EQUIPMENT

	Plant and Equipment $	Campsite $	Total $
At 1 July 2015			
Cost	323,935	70,794	394,729
Accumulated depreciation	(263,459)	(35,631)	(299,090)
Net book amount	60,476	35,163	95,639
Year ended 30 June 2016			
Opening net book amount	60,476	35,163	95,639
Disposals	(55,452)	-	(55,452)
Depreciation expensed to profit or loss	(5,009)	(4,958)	(9,967)
Closing net book amount	15	30,205	30,220
At 30 June 2016			
Cost	1,375	70,794	72,169
Accumulated depreciation	(1,360)	(40,589)	(41,949)
Net book amount	15	30,205	30,220
Year ended 30 June 2017			
Opening net book amount	**15**	**30,205**	**30,220**
Disposals	**-**	**(13,320)**	**(13,320)**
Depreciation expensed to profit or loss	**(8)**	**(3,512)**	**(3,520)**
Closing net book amount	**7**	**13,373**	**13,380**
At 30 June 2017			
Cost	**1,375**	**37,380**	**38,755**
Accumulated depreciation	**(1,368)**	**(24,007)**	**(25,375)**
Net book amount	**7**	**13,373**	**13,380**

Notes to the Consolidated Financial Statements continued

30 JUNE 2017		2017 $	2016 $
10. NON-CURRENT ASSETS – EXPLORATION AND EVALUATION ASSETS			
Exploration and evaluation assets		**1,747,025**	1,514,788
Balance at the beginning of the year		**1,514,788**	1,460,489
Expenditure incurred		**238,122**	210,169
Impairment (write-off)	10(a)	**(5,885)**	(155,870)
Balance at the end of the year	10(b)	**1,747,025**	1,514,788

(a) The carrying value of the Group's projects was reviewed, and impairment recognised, where the facts and circumstances identified the carrying amount to be greater than the recoverable amount.

Impairment of $5,885 was recognised during the 2017 financial year, being legacy expenses incurred on tenements previously surrendered.

No impairment indicators were identified during the 2017 financial year in relation to the Group's remaining tenements.

2016 Impairment

The carrying value of the Group's projects was reviewed, and impairment recognised, where the facts and circumstances identified the carrying amount to be greater than the recoverable amount.

A number of tenements were withdrawn during the 2016 financial year. The carrying value of projects for which tenure was no longer current, or was expected to be relinquished, were written off ($155,870).

No impairment indicators were identified during the 2016 financial year in relation to the Group's remaining tenements.

(b) The ultimate recoupment of costs carried forward for exploration and evaluation is dependent on the successful development and commercial exploitation or sale of the respective mining areas. Amortisation of the costs carried forward for the development phase is not being charged pending the commencement of production.

11. CURRENT LIABILITIES - TRADE AND OTHER PAYABLES

	2017	2016
Trade payables	**86,318**	101,139
Other payables and accruals	**661,821**	349,336
	748,139	450,475

12. CURRENT LIABILITIES - BORROWINGS

	2017	2016
Unsecured loans – at cost	**10,644**	-

Details on the above borrowings are contained in note 18(d).

Notes to the Consolidated Financial Statements continued

30 JUNE 2017

13. CONTRIBUTED EQUITY

	Notes	2017 Number of shares	2017 $	2016 Number of shares	2016 $
(a) Share capital					
Ordinary shares fully paid	13(b), 13(d)	**647,424,008**	**42,743,101**	544,793,570	42,260,749
Total contributed equity		**647,424,008**	**42,743,101**	544,793,570	42,260,749
(b) Movements in ordinary share capital					
Beginning of the financial year		**544,793,570**	**42,260,749**	269,803,570	40,945,749
Issued during the year:					
– Issued for cash at 1 cent per share		**-**	**-**	6,000,000	60,000
– Issued for cash at 0.5 cents per share		**96,470,438**	**482,352**	88,000,000	440,000
– Issued on conversion of convertible note and unsecured non-recourse loans	18(d)	**-**	**-**	160,000,000	800,000
– Issued as consideration for capital raising fees	21(b) & 18(d)	**6,160,000**	**30,800**	20,990,000	104,950
Transaction costs incurred		**-**	**(30,800)**	-	(89,950)
End of the financial year		**647,424,008**	**42,743,101**	544,793,570	42,260,749

(c) Movements in options on issue

	Number of options 2017	Number of options 2016
Beginning of the financial year	**12,500,000**	19,000,000
Expired on 31 July 2016, exercisable at $0.12	**(12,500,000)**	-
Expired on 10 December 2015, exercisable at $0.11	-	(2,500,000)
Expired on 9 November 2015, exercisable at $0.108	-	(4,000,000)
End of the financial year	-	12,500,000

(d) Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

Ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

(e) Capital risk management

The Group's objectives when managing capital are to safeguard their ability to continue as a going concern, so that they may continue to provide returns for shareholders and benefits for other stakeholders.

Due to the nature of the Group's activities, being mineral exploration, the Group does not have ready access to credit facilities, with the primary source of funding being equity raisings. Therefore, the focus of the Group's capital risk management is the current working capital position against the requirements of the Group to meet exploration programmes and corporate overheads. The Group's strategy is to ensure appropriate liquidity is maintained to meet anticipated operating requirements, with a view to initiating appropriate capital raisings as required. The working capital position of the Group at 30 June 2017 and 30 June 2016 are as follows:

	2017 $	2016 $
Cash and cash equivalents	**22,224**	14,491
Trade and other receivables	**11,002**	13,106
Prepayments	**2,859**	3,943
Trade and other payables	**(748,139)**	(450,475)
Borrowings	**(10,644)**	-
Working capital position	**(722,698)**	(418,935)

Notes to the Consolidated Financial Statements continued

30 JUNE 2017	2017 $	2016 $

14. RESERVES AND ACCUMULATED LOSSES

(a) Share-based payments reserve

Balance at the beginning of the financial year	**871,452**	871,452
Balance at the end of the financial year	**871,452**	871,452

The share-based payments reserve is used to recognise the fair value of options and performance rights granted.

(b) Accumulated losses

Balance at the beginning of the financial year	**(42,003,243)**	(41,007,790)
Net loss for the year	**(570,718)**	(995,453)
Balance at the end of the financial year	**(42,573,961)**	(42,003,243)

15. DIVIDENDS

No dividends were paid during the financial year. No recommendation for payment of dividends has been made.

16. REMUNERATION OF AUDITORS

During the year the following fees were paid or payable for services provided by the auditor of the parent entity, its related practices and non-related audit firms:

(a) Audit services

BDO Audit (WA) Pty Ltd - audit and review of financial reports	**25,367**	25,621
Total remuneration for audit services	**25,367**	25,621

(b) Non-audit services

BDO Corporate finance (WA) Pty Ltd – Independent Expert's Report	-	22,440
Total remuneration for other services	-	22,440

17. CONTINGENCIES

There are no material contingent liabilities or contingent assets of the Group at balance date.

18. RELATED PARTY TRANSACTIONS

(a) Parent entity

The ultimate parent entity within the Group is Mindax Limited.

(b) Subsidiaries

Interests in subsidiaries are set out in note 19.

Notes to the Consolidated Financial Statements continued

30 JUNE 2017	2017	2016
	$	$
18. RELATED PARTY TRANSACTIONS (cont'd)		
(c) Key management personnel compensation		
Short-term benefits	**301,000**	361,500
Post-employment benefits	**16,055**	21,803
Other long-term benefits	-	-
Termination benefits	-	-
Share-based payments	-	-
	317,055	383,303

Detailed remuneration disclosures are provided in the remuneration report on pages 7 to 9.

(d) Transactions and balances with other related parties

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Year Ended 30 June 2017

Underwriting of Entitlements Issue

Mr Andrew Tsang, Non-Executive Director, entered into an Underwriting Agreement with the Company to fully underwrite the Entitlements Issue the subject of the Offer Memorandum ("Offer") released to ASX on 3 April 2017. Pursuant to the Underwriting Agreement Mr Tsang was to be entitled to an underwriting fee of 5% of the funds raised under the Offer.

As announced to ASX on 29 May 2017, Mr Tsang agreed to forgo the majority of his rights to subscribe for shortfall shares under the Underwriting Agreement in favour of the superior funding package secured by Mr Yonggang Li. Mr Tsang subscribed for a total of 5,000,000 ordinary shares in accordance with his rights, and did not take any fees associated with the Underwriting Agreement.

Loan From Key Management Personnel

The Company has secured short-term funding by way of an unsecured non-recourse loan from the Executive Chairman, Mr Benjamin Chow. The loan is unsecured, interest free and with no set repayment terms. At 30 June 2017, the balance outstanding was $10,644 (2016: N/A).

Year Ended 30 June 2016

Conversion of Convertible Note

On 31 December 2013 the Company issued a Convertible Note for $300,000 to Ms Lai You, an existing shareholder and related party to non-executive director, Mr Andrew Tsang. The Company obtained shareholder approval at the Annual General Meeting held on 10 December 2015 to convert the loans into ordinary shares. On 16 December 2015, 60,000,000 ordinary shares were issued, at the agreed price of $0.005 per share, to convert the convertible note into equity.

Conversion of Unsecured Non-Recourse Loan

On 7 February 2014 the Company secured short term funding by way of an unsecured non-recourse loan for $250,000 from Ms Lai You, an existing shareholder and related party to non-executive director, Mr Andrew Tsang. On 18 March 2014 the Company secured additional short term funding by way of a second unsecured non-recourse loan for another $250,000 from Ms Lai You. The Company obtained shareholder approval at the Annual General Meeting held on 10 December 2015 to convert the loans into ordinary shares. On 16 December 2015, a total of 100,000,000 ordinary shares were issued, at the agreed price of $0.005 per share, to convert the non-recourse loans into equity.

Commissions on Capital Raisings

Mr Andrew Tsang was owed commission payable in relation to various capital raisings undertaken by the Company, including those mentioned above, in the amount of $104,950. The Company obtained shareholder approval at the Annual General Meeting held on 10 December 2015 to issue shares to Ms Lai You, an existing shareholder and related party to non-executive director, Mr Tsang, in satisfaction of the commissions owed to Mr Tsang. On 16 December 2015, a total of 20,990,000 ordinary shares were issued, at the agreed price of $0.005 per share.

Notes to the Consolidated Financial Statements continued

30 JUNE 2017

19. SUBSIDIARIES

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1(b):

Name	Country of incorporation	Class of shares	Equity Holding*	
			2017	2016
			%	%
Mindax Energy Pty Ltd	Australia	Ordinary	**100**	100
Yilgiron Pty Ltd	Australia	Ordinary	**100**	100
Yilgiron Infrastructure Pty Ltd	Australia	Ordinary	**100**	100

*The proportion of ownership interest is equal to the proportion of voting power held.

20. EVENTS OCCURRING AFTER THE REPORTING DATE

On 11 August 2017, the Company issued 20,000,000 ordinary shares, at an issue price of $0.005, to raise $100,000 in accordance with the placement facility approved by shareholders at the General Meeting held on 11 July 2017.

No other matters or circumstances have arisen since 30 June 2017, which has significantly affected, or may significantly affect the operations of the Group, the result of those operations, or the state of affairs of the Group in subsequent financial years.

21. CASH FLOW INFORMATION

	2017	2016
	$	$
(a) Reconciliation of net loss after income tax to net cash outflow from operating activities		
Net loss for the year	**(570,718)**	(995,453)
Non-Cash Items		
Depreciation of non-current assets	**3,520**	9,967
Impairment of exploration and evaluation assets	**5,885**	155,870
Loss on sale of plant and equipment	**9,684**	31,368
Change in operating assets and liabilities		
Decrease in trade and other receivables	**2,104**	22,902
Decrease in prepayments	**1,084**	62,614
Increase in trade and other payables	**272,472**	286,905
Net cash outflow from operating activities	**(275,969)**	(425,827)

(b) Non-cash investing and financing activities

On 16 December 2016, 6,160,000 ordinary shares were issued, at the agreed price of $0.005 per share, in satisfaction of $30,800 in capital raising fees, refer to note 23(b).

On 16 December 2015, 160,000,000 ordinary shares were issued, at the agreed price of $0.005 per share, to convert the convertible note and non-recourse loans, with a face value of $800,000, into equity. Also on 16 December 2015 a total of 20,990,000 ordinary shares were issued, at the agreed price of $0.005 per share, in satisfaction of $104,950 in capital raising fees. Refer to note 18(d).

22. LOSS PER SHARE

(a) Reconciliation of loss used in calculating loss per share		
Loss attributable to the owners of the Company used in calculating basic and diluted loss per share	**(570,718)**	(995,453)

	Number of shares	Number of shares
(b) Weighted average number of shares used as the denominator		
Weighted average number of ordinary shares used as the denominator in calculating basic and diluted loss per share	**565,349,959**	401,314,581

Notes to the Consolidated Financial Statements continued

30 JUNE 2017

22. LOSS PER SHARE (cont'd)

(c) Information on the classification of options

As the Group has made a loss for the year ended 30 June 2017, all options that were on issue during the year were considered anti-dilutive and have not been included in the calculation of diluted earnings per share.

23. SHARE-BASED PAYMENTS

(a) Employees and Contractors Options

The Group provides benefits to employees (including directors) and contractors of the Group in the form of share-based payment transactions, whereby employees or consultants render services in exchange for options to acquire ordinary shares. There were no options granted to employees and contractors still outstanding at 30 June 2017.

Options granted carry no dividend or voting rights. When exercisable, each option is convertible into one ordinary share in the capital of the Company with full dividend and voting rights.

Set out below are summaries of granted options:

	2017		2016	
	Number of options	Weighted average exercise price cents	Number of options	Weighted average exercise price cents
Outstanding at the beginning of the year	-	-	6,500,000	10.9
Granted	-	-	-	-
Forfeited	-	-	-	-
Exercised	-	-	-	-
Expired	-	-	(6,500,000)	10.9
Outstanding at year-end	-	-	-	-
Exercisable at year-end	-	-	-	-

There were no options outstanding to employees and contractors as at 30 June 2017 or 30 June 2016. There were no options granted during the 2017 or 2016 financial years.

(b) Shares issued to suppliers

On 16 December 2016, 6,160,000 ordinary shares were issued in satisfaction of capital raising fees. Management could not reliably determine the fair value of services received and accordingly the Group measured the fair value of shares granted. This was based on the share price on grant date of $0.005 per share, which totalled $30,800.

24. PARENT ENTITY INFORMATION

The following information relates to the parent entity, Mindax Limited. The information presented here has been prepared using accounting policies consistent with those presented in note 1.

	2017 $	2016 $
Current assets	**35,883**	31,411
Non-current assets	**1,762,400**	1,547,131
Total assets	**1,798,283**	1,578,542
Current liabilities	**758,783**	450,475
Total liabilities	**758,783**	450,475
Contributed equity	**42,743,101**	42,260,749
Share-based payments reserve	**871,452**	871,452
Accumulated losses	**(42,575,053)**	(42,004,134)
Total equity	**1,039,500**	1,128,067
Loss for the year	**(570,919)**	(996,555)
Total comprehensive loss for the year	**(570,919)**	(996,555)

Directors' Declaration

In the directors' opinion:

(a) the financial statements comprising the statement of profit or loss and other comprehensive income, statement of financial position, statement of changes in equity, statement of cash flows and accompanying notes set out on pages 13 to 34 are in accordance with the *Corporations Act 2001*, including:

- (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
- (ii) giving a true and fair view of the consolidated entity's financial position as at 30 June 2017 and of its performance for the financial year ended on that date;

(b) there are reasonable grounds to believe that the consolidated entity will be able to pay its debts as and when they become due and payable;

(c) the remuneration disclosures included in the Directors' Report (as part of the audited Remuneration Report), for the year ended 30 June 2017, comply with Section 300A of the *Corporations Act 2001*; and

(d) a statement that the attached financial statements are in compliance with International Financial Reporting Standards has been included in the notes to the financial statements.

The directors have been given the declarations by the chief executive officer and chief financial officer required by section 295A of the *Corporations Act 2001*.

This declaration is made in accordance with a resolution of the directors.

Benjamin Chow
Executive Chairman
Perth, 29 September 2017

BDO

Tel: +61 8 6382 4600
Fax: +61 8 6382 4601
www.bdo.com.au

38 Station Street
Subiaco, WA 6008
PO Box 700 West Perth WA 6872
Australia

INDEPDENT AUDITOR'S REPORT

To the members of Mindax Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Mindax Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2017, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

In our opinion the accompanying financial report of the Group, is in accordance with the Corporations Act 2001, including:

(i) Giving a true and fair view of the Group's financial position as at 30 June 2017 and of its financial performance for the year ended on that date; and

(ii) Complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Group in accordance with the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to Note 1(a)(v) in the financial report which describes the conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern and therefore the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Material uncertainty related to going concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Accounting for exploration and evaluation assets

Key audit matter	How the matter was addressed in our audit
At 30 June 2017, the carrying value of the capitalised exploration and evaluation asset was $1,747,025 (30 June 2016: $1,514,788), as disclosed in Note 10 in the financial report. As the carrying value of the exploration and evaluation asset represents a significant asset of the Group, we considered it necessary to assess whether any facts or circumstances exist to suggest that the carrying amount of this asset may exceed its recoverable amount. Judgement is applied in determining the treatment of exploration and evaluation expenditure in accordance with Australian Accounting Standard AASB Exploration for and Evaluation of Mineral Resources (AASB 6). In particular: • Whether the conditions for capitalisation are satisfied; • Which elements of exploration and evaluation expenditures qualify for recognition; and • Whether facts and circumstances indicate that the exploration and evaluation assets should be tested for impairment.	Our procedures included, but were not limited to: • Obtaining a schedule of the areas of interest held by the Group and assessing whether the rights to tenure of those areas of interest remained current at balance date; • Considering the status of the ongoing exploration programmes in the respective areas of interest by holding discussions with management, and reviewing the Group's exploration budgets, ASX announcements and director's minutes; • Considering whether any such areas of interest had reached a stage where a reasonable assessment of economically recoverable reserves existed; • Verifying, on a sample basis, exploration and evaluation expenditure capitalised during the year for compliance with the recognition and measurement criteria of AASB 6; • Considering whether any facts or circumstances existed to suggest impairment testing was required; and • Assessing the adequacy of the related disclosures in Notes 1(t) and 10 in the financial report.

Other information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2017, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this Financial Report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at:

http://www.auasb.gov.au/auditors_files/ar2.pdf

This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 7 to 9 of the directors' report for the year ended 30 June 2017.

In our opinion, the Remuneration Report of Mindax Limited, for the year ended 30 June 2017, complies with section 300A of the Corporations Act 2001.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

BDO Audit (WA) Pty Ltd

Glyn O'Brien

Director

Perth, 29 September 2017

ASX Additional Information

Additional information required by Australian Stock Exchange Ltd and not shown elsewhere in this report is as follows. The information is current as at 8 September 2017.

(a) Distribution of equity securities

Analysis of numbers of equity security holders by size of holding:

			Ordinary shares	
			Number of holders	**Number of shares**
1	-	1,000	61	8,607
1,001	-	5,000	55	169,090
5,001	-	10,000	68	581,719
10,001	-	100,000	201	7,279,618
100,001		and over	115	659,384,974
			500	667,424,008

	Number of holders	Number of shares
The number of shareholders holding less than a marketable parcel of shares are:	352	5,352,465

(b) Equity Security Holders

Twenty largest quoted equity security holders

The names of the twenty largest holders of quoted ordinary shares are:

		Listed ordinary shares	
		Number of shares	**Percentage of ordinary shares**
1	Ms Lai You	201,524,431	30.19
2	Mr Zhangxi Zeng	85,341,350	12.79
3	Ms Jing Wang	80,000,000	11.99
4	Mr Yufeng Zhuang	49,050,478	7.35
5	Lap Exploration Pte Ltd	32,034,616	4.80
6	Mr Andrew Tsang	30,000,000	4.49
7	Mr Zhangxi Zeng	29,360,000	4.40
8	HSBC Custody Nominees (Australia) Limited	22,818,738	3.42
9	Jupiter Mines Limited	13,213,579	1.98
10	Xiang Rong (Australia) Construction Group Pty Ltd <Xiang Rong Management A/C>	10,080,000	1.51
11	Zhenbin Jian	7,500,000	1.12
12	Sherryland Holdings Pty Ltd	7,031,500	1.05
13	Mr Guo Xiong Zeng	6,148,971	0.92
14	Ms Lici Zeng	5,097,151	0.76
15	Mr Andrew Tsang & Mrs Chunxiang Zeng & Mr Qinglong Zeng <Zeng Superannuation Fund A/C>	5,000,000	0.75
16	Mr Jian Cai Chen	5,000,000	0.75
17	Mr Dongmin Qu	4,382,961	0.66
18	Netwealth Investments Limited <Wrap Services A/C>	4,246,546	0.64
19	Citicorp Nominees Pty Ltd	3,307,722	0.50
20	Mr Yuanwen Zhu	3,139,706	0.47
		604,277,749	90.54

ASX Additional Information continued

(c) Substantial shareholders

The names of substantial shareholders who have notified the Company in accordance with section 671B of the *Corporations Act 2001* are:

	Number of Shares
Andrew Tsang	52,535,410
LAP Exploration Pte Ltd	32,034,616
Yufeng Zhuang	23,305,522
HSBC Custody Nominees (Aus) Ltd	22,663,105
Chenfei Zhuang	19,844,956

(d) Voting rights

All ordinary shares (whether fully paid or not) carry one vote per share without restriction.

(e) Schedule of interests in mining tenements

Tenement	Project	Locality	Status	Interest %
M29/257	Bulga Downs	Mount Forrest - Bulga Downs	Granted	100
M29/258	Bulga Downs	Mount Forrest - Bulga Downs	Granted	100
M29/314	Bulga Downs	Mount Forrest	Granted	100
M29/348	Bulga Downs	Toucan - Bulga Downs	Granted	100
M29/349	Bulga Downs	Macaw North - Bulga Downs	Granted	100
M29/350	Bulga Downs	Macaw - Bulga Downs	Granted	100
M29/351	Bulga Downs	Bulga Downs	Granted	100
E51/1705	Meekatharra	Meekatharra	Granted	100